

LINE OF BUSINESS: Credit

Code: 28.0000

LINE(S) OF INSURANCE

Credit Personal Property

Single Interest

Unemployment

Other Credit Policies

CODES

28.0001

28.0002

28.0003

28.0004

IF CHECKLIST IS NOT APPLICABLE, PLEASE EXPLAIN:

REVIEW REQUIREMENTS	REFERENCE	DESCRIPTION OF REVIEW STANDARDS REQUIREMENTS	LOCATION OF STANDARD IN FILING
GENERAL REQUIREMENTS FOR ALL FILINGS			
EXEMPTION	MCLA 500.2401(2)(d)	For all policies that are not written in connection with credit transactions for personal, family, or household purposes: If the prominent warning statement of MCLA 500.2236(8)(e)(ii) is placed in each of your policies, you should not submit a filing to us as you are exempt from the requirements of Chapters 22, 24, and 26 of the Michigan Insurance Code unless the Commissioner subsequently finds that competition does not exist for this type of coverage. The prominent warning statement will apply to the entire commercial package policy because it cannot be applied to just one type of coverage when multi-coverages are written.	
COPIES, RETURN ENVELOPES, ETC.	Procedures Manual for Non-SERFF filings	All filings must include a copy of the cover letter along with a self-addressed stamped envelope.	
COVER LETTER AND EXPLANATORY MEMORANDUM	Procedures Manual for Non-SERFF filings	All filings must include a cover letter and all filings except for new program filings must contain a filing memorandum that identifies and explains changes to previously filed policy forms, endorsements, rules, and rates by form number, rule number, and manual page number.	

REVIEW REQUIREMENTS	REFERENCE	DESCRIPTION OF REVIEW STANDARDS REQUIREMENTS	LOCATION OF STANDARD IN FILING
		number.	
EFFECTIVE DATE WORDING	MCLA 500.2408(2)	The filing shall be on file for a waiting period of 15 days before it becomes effective, which period may be extended by the commissioner for 1 additional period not to exceed 15 days if the commissioner gives written notice within the waiting period to the insurer or rating organization which made the filing that her or she needs additional time for consideration of the filing.	
	MCLA 500.2236	Failure of the commissioner to act within 30 days after submittal constitutes approval.	
FILING SUBMISSION	MCLA 500.2406	Every insurer shall file with the commissioner every manual of classification, every manual of rules and rates, every rating plan, and every modification of any of the foregoing that it proposes to use.	
LIMITATIONS/RESTRICTIONS ON TRANACTING BUSINESS	MCLA 500.640	An insurer transacting business in this state shall not expose itself to any loss on any 1 risk or hazard in an amount exceeding 10% of its paid-up capital and surplus. However, no portion of a risk or hazard that has been reinsured in an insurer licensed to do insurance business in this state shall be included in determining the limitation of risk prescribed in this section.	
Line of Authority	MCLA 500.402	No person shall act as an insurer and no insurer shall issue any policy or otherwise transact insurance in this state except as authorized by a subsisting certificate of authority granted to it by the commissioner pursuant to this code.	
NO FILE OR FILING EXEMPTIONS	MCLA 500.2236(1) and Bulletin 97-03	Forms must be filed for prior approval. These forms are NOT exempt from when written in connection with credit transactions for personal, family, or household purposes.	

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THIRD PARTY FILERS AUTHORITY	MCLA 500.2436	A corporation, an association, a partnership, or an individual, whether located within or outside this state, may make application to the commissioner for a license as a rating organization to make rates and insurance contract forms for the kinds of insurance or subdivisions thereof, except for worker's compensation insurance	
	Procedures Manual for Non-SERFF Filings	General authority must be granted by letter from Insurance Company	
GENERAL REQUIREMENTS FOR ALL FILINGS			
FORMS—POLICY PROVISIONS			
AMBIGUOUS & MISLEADING	MCLA 500.2236(5)	Upon written notice to the insurer, the commissioner may disapprove, withdraw approval or prohibit the issuance, advertising or delivery of any form to any person in this state if it violates any provisions of this act, or contains inconsistent, ambiguous or misleading clauses, or contains exceptions and conditions that unreasonably or deceptively affect the risk purported to be assumed in the general coverage of the policy.	
		An unfair method of competition and an unfair or deceptive act or practice in the business of insurance means the making, issuing, circulating an estimate, illustration, circular, statement, sales presentation, or comparison which by omission of a material fact or incorrect statement of a material fact causes a misrepresentation.	
BANKRUPTCY PROVISIONS	MCLA 500.3004	No policy shall be issued unless it contains provisions as required in section 3006.	
	MCLA 500.3006	Insolvency or bankruptcy of the insured shall not release the insurer from payment of damages	

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CANCELLATION & NON-RENEWAL			
Calculation of Unearned/Return Premium	MCLA 500.3020	Pro-rata	
Conditional Renewal	MCLA 500.3020		
Minimum Retained Premium	MCLA 500.3020	Not less than \$25 or the pro-rata premium for the expired time, whichever is greater.	
Notice of Cancellation/Non-renewal	MCLA 500.3020	Not less than 10 day written notice to the last known address of the insured.	
Permissible Reasons for Cancellation/Non-renewal	MCLA 500.3020	Cancellation will be without prejudice to any claim originating before the cancellation.	
Return Premium	MCLA 500.3020		
FORMS—POLICY PROVISIONS			
DISCRIMINATION	MCLA 500.2027	It is unfair and deceptive to refuse to insure, or refuse to continue to insure, or limit the amount of coverage available to an individual or risk because of race, color, creed, marital status, sex, or national origin, residence, age, disability, or lawful occupation of the individual, or location of the risk, unless there is a reasonable relationship established between the classification and the extent of the risk.	
FORMS—POLICY PROVISIONS			
NOTICE REQUIREMENTS (The requirements of the following statutes apply only when the policy contains liability coverage)	MCLA 500.3004	No policy shall be issued unless it contains provisions as required in section 3008.	

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	MCLA 500.3008	There shall be a provision that notice given by or on behalf of the insured to any authorized agent of the insurer shall be deemed to be notice to the insurer; also a provision that failure to give any notice required to be given by such policy within the time specified shall not invalidate any claim made if it shall be shown not to have been reasonably possible to give such notice and that notice was given as soon as was reasonably possible.	
	MCLA 500.2204	When credit coverage is written on commercial loans or account balances, the insurer must give the insured a notice of settlement at least 10 days prior to the settlement.	
Payment of Loss Time Period	MCLA 500.2006(3)	Any part of the remainder of the claim that is later supported by proof of loss shall be considered paid on a timely basis if paid within 60 days after receipt of the proof of loss by the insurer.	
FORMS—POLICY PROVISIONS			
READABILITY	MCLA 500.2236(3)	Not less than 8 point type.	
FILE & USE	MCLA 500.2430	Every such filing under this section shall state the effective date thereof, shall take effect on said date, shall not be subject to any waiting period requirements, and shall be deemed to meet the ratemaking standards. If, at any time within 15 days from and after the date of any such filing, the commissioner may give written notice to the insurer or rating organization in what respect and to extend her contends such filing fails to comply with the ratemaking standards and fixing a date for hearing not less than 10 days from the date of mailing of such notice. In the event that no notice of hearing shall be issued within 15 days from the date of any such filing, the filing shall be deemed to be approved.	
RATE, RULE, RATING PLAN, CLASSIFICATION, AND TERRITORY			

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FILING REQUIREMENTS			
Individual Risk Rating	Procedures Manual for Non-SERFF filings	Mandatory for excess rates for specific policyholders (rates that are different from those you wish to remain on file for underwriting all other policyholders).	
RATE, RULE, RATING PLAN, CLASSIFICATION, AND TERRITORY FILING REQUIREMENTS			
PRICING	MCLA 500.2403(d)	Rates shall not be excessive, inadequate, or unfairly discriminatory.	
Premiums	Administrative Rules 500.1205	For the purposes of section 2403(1)(d) of the code, a rate is unreasonably high for the insurance coverage provided if it is unreasonably high in relation to anticipated losses or expenses, or both, or to the uncertainty of loss for the insurance coverage provided.	
RATE, RULE, RATING PLAN, CLASSIFICATION, AND TERRITORY FILING REQUIREMENTS			
RATE RANGES	R 500.1207	A reasonable classification system is a system designed to group individuals or risks with similar characteristics into rating classifications which are likely to identify significant differences in mean anticipated losses or expenses, or both, between the groups, as determined by sound actuarial principles and by actual and credible loss and expense statistics or, in the case of new coverages or classifications, by reasonably anticipated loss and expense experience.	
RATING PLAN REQUIREMENTS			
Expense Modification Plan	R 500.1208	The expense portion of a rate shall, with regard to each category of expense, be examined and evaluated independently of the loss portion of the rate. Expenses shall not be presumed to change by the same percentage as losses are anticipated to change.	

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Schedule Rating	Bulletin 2000-04	+/- 25% maximum for schedule rating type plans	
Competition	MCLA 500.2403	A rate shall not be held to be excessive unless the rate is unreasonably high for the insurance coverage provided and a reasonable degree of competition does not exist with respect to the classification, kind, or type of risks to which the rate is applicable.	
Expenses	R 500.1207	A rate is not unfairly discriminatory because it reflects differences in anticipated expenses for classifications of risks with similar anticipated losses or because it reflects differences in anticipated losses for classifications of risks with similar anticipated expenses.	
Experience	R 500.1207	That data used in developing classifications and rates are derived from the experience of a population or sample of risks that is sufficiently similar to the anticipated insured population.	
SUPPORTING DATA	MCLA 500.2403(d)	A rate is reasonably justified by differences in losses, expenses, or both, or by differences in the uncertainty of loss for the individuals or risks to which the rates apply. A reasonable justification shall be supported by a reasonable classification system; by sound actuarial principles when applicable; and by actual and credible loss and expense statistics	
OTHER	MCLA 500.2416(1)	If within the waiting period the commissioner finds that a filing does not the requirements of this chapter, he shall send to the insurer or rating organization which made such filing written notice of disapproval of such filing specifying then what respects he fins such filing fails to meet the requirements of this chapter and stating that such filing shall not become effective.	